

VZCZCXRO6123  
OO RUEHFK RUEHKS RUEHNH  
DE RUEHKO #1341/01 0860643  
ZNY CCCCC ZZH  
O 270643Z MAR 07  
FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2069  
RUEKJCS/SECDEF WASHDC IMMEDIATE  
INFO RUEHNH/AMCONSUL NAHA 2867  
RUEHFK/AMCONSUL FUKUOKA 0403  
RUEHKS/AMCONSUL SAPPORO 1350  
RHMFISS/18WG CP KADENA AB JA  
RUAHYAF/5AF YOKOTA AB JA  
RUENAAA/ASSTSECNAV IE WASHINGTON DC//IE//  
RUHBABA/CG III MEF CAMP COURTNEY JA  
RUHBANB/CG MCB CAMP BUTLER JA  
RUHBABA/CG THIRD MARDIV CAMP COURTNEY JA  
RUEKJCS/CJCS WASHINGTON DC  
RHMFIUU/CMC WASHINGTON DC  
RUENAAA/CNO WASHINGTON DC  
RUHBANB/COMMARCORBASESJAPAN CAMP BUTLER JA  
RUHEHMS/COMMARCORBASESPAC CAMP H M SMITH HI  
RUHPSAA/COMMARFORPAC HONOLULU HI  
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA  
RHHMHBA/COMPACFLT PEARL HARBOR HI  
RUALSFJ/COMUSJAPAN YOKOTA AB JA  
RUAGAAA/COMUSKOREA SEOUL KOR  
RUEADWD/CSA WASHINGTON DC  
RUEAHQA/CSAF WASHINGTON DC  
RHHMUNA/HQ USPACOM HONOLULU HI  
RUEKJCS/JOINT STAFF WASHINGTON DC  
RHEHAAA/NSC WASHDC  
RUHBANB/OKINAWA AREA FLD OFC US FORCES JAPAN CP BUTLER JA  
RUENAAA/SECNAV WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 001341

SIPDIS

SIPDIS

OSD/ISA/APSA FOR LAWLESS/SHINN/HILL/BASALLA, COMUSJAPAN FOR  
J00/J01/J4/J5; HQ USPACOM FOR POLAD/J5

E.O. 12958: DECL: 03/16/2017

TAGS: [MARR](#) [PREL](#) [PGOV](#) [JA](#)

SUBJECT: SPECIAL MEASURES AGREEMENT: FRAMING THE DEBATE

Classified By: Ambassador J. Thomas Schieffer; Reasons: 1.4 (b/d)

11. (C) Summary: Maintaining sufficient levels of Japanese Host Nation Support (HNS) during upcoming discussions on a new Special Measures Agreement will require a sustained, high-level political message about Japan's alliance responsibilities. There is a growing perception among Japanese officials and opinion leaders that HNS is an anachronistic relic of the Cold War Alliance structure that should be phased out. Tokyo's contributions to the Global War on Terror and investment in Ballistic Missile Defense (BMD) cooperation are often cited as signs of a new, "more balanced" security partnership. Rather than compare the relative contributions between the U.S. and Japan, Japanese politicians regularly cite the purely financial HNS contributions of other U.S. allies to argue that Tokyo is being bilked. The reality that the gap in alliance contributions, both in budgetary and operational terms, remains as large as ever needs to be reinforced at senior levels if we are to effectively hold the line on HNS. Upcoming visits to Washington by Japanese political leaders offer a timely opportunity to lay down a marker that any attempt to reduce Japan's contributions will have negative implications for the broader alliance. End Summary.

Great Expectations  
-----

12. (C) The Special Measures Agreement (SMA) governing Japan's

annual contribution of USD 1.12 billion to U.S. forces expires on March 31, 2008. During the last round of negotiations in 2005 Japan attempted to extract sharp cuts in the SMA, which covers salaries for Japanese employees on U.S. military bases, on-base utilities, and training relocation expenses (Septel). While Japan settled instead for a two-year (vice the normal five) agreement at existing levels, it immediately cut its annual contributions to the Facilities Improvement Program (FIP), a "voluntary" part of HNS, by nearly 25 percent, or about USD 160 million. Working level officials have indicated that the Japanese government will seek significant reductions in the next round, especially from utilities expenses.

¶3. (C) While SMA has thus far remained below the radar screen in terms of media and political attention, Japanese negotiators are likely to face sharp pressure from Japanese politicians, especially from the right, during the next round of negotiations to secure real cuts. HNS is often portrayed within Japan as an anachronism -- the result either of past "sympathy" for an economically weak America or a relic of the "unequal" post-war security structure. Japan's own recent economic malaise and its enthusiasm for a more active role in military operations will inevitably be cited by Japan's political and media elites for reducing HNS.

#### An Unequal Partnership

-----

¶4. (C) To counter this argument, we need to constantly remind Japan's political leaders that recent progress in updating the alliance notwithstanding, the relationship remains

TOKYO 00001341 002 OF 003

unequal in both operational and fiscal terms. The U.S. has increased defense spending by 48 percent since 2001. A significant portion of this increase has gone to expanding our force posture in the Asia Pacific in direct support of our alliance commitments. Recent upgrades have included the deployment to Japan of advanced, BMD-capable Aegis vessels, a PAC-3 battalion, and the state-of-the-art FBX-T "X-Band" radar. Okinawa was chosen as the first overseas base to receive the temporary rotation of the USAF's first F-22 Raptor squadron. Our ongoing Air and Naval force enhancements on Guam, fully funded by the USG, also directly support our alliance contributions. These force enhancements, and even more robust increases in PRC defense spending, have occurred during a time of stagnant Japanese defense spending.

¶5. (C) Moreover, beyond budgetary contributions, we have not yet seen any fundamental change in the basic role of the Japanese Self-Defense Forces (JSDF) within the alliance. Japan's deployments to the Indian Ocean and Iraq, while welcome, were far less robust in operational terms than contributions by many of those allies Japan often suggests get a free pass from Washington on HNS. While Prime Minister Shinzo Abe has signaled a willingness to review Japan's restriction on defending U.S. territory from direct attack, we have yet to see any legislation or Cabinet instructions to adjust the one-sided defense guarantee enshrined in the 1960 Mutual Security Treaty. A fundamental change in the operational division of labor within the alliance is likely several years out into the future.

¶6. (C) Another charge that will inevitably be leveled during bilateral discussions on SMA is that Japan overpays for wasteful U.S. military energy usage habits. The fundamental problem with this argument is that Japan's utilities contributions are capped at set levels under the SMA. Usage beyond these levels is paid for entirely by the U.S.-side. Therefore, avoiding waste is in the U.S. interest -- Japan pays the same amount regardless of usage fluctuations. In reality, the U.S. military in Japan has steadily increased its energy efficiency on a per square foot basis. However, an enhanced operational tempo, combined with greater usage of

natural gas to help Japan meet its Kyoto Protocol objectives, has led to a steady rise in utilities costs for U.S. forces.

#### DPRI and the Gentleman's Arrangement

-----

¶7. (C) It will also be important to refute the argument that anticipated Japanese financial contributions to the realignment of U.S. forces under the Defense Policy Review Initiative (DPRI) justify accepting a new, much reduced, SMA.

There are three major problems with linking DPRI and SMA discussions. First, most of the spending associated with realignment is likely to come after 2011, the same year the SMA would expire if Japan accepts the U.S.-proposed three year interim agreement. The second problem with a DPRI-SMA linkage is that a significant share of Japan's financial outlays will go for relocation projects proposed by Japan and to subsidize local communities receiving a greater base "burden." Finally, base realignment will incur increased

TOKYO 00001341 003 OF 003

operational costs for U.S. forces committed to Japan's defense. For example, the DOD's Inspector General recently estimated that the shift of 8,000 Marines to Guam alone will increase the USMC's operational costs by USD 465 million per year.

¶8. (C) For the above reasons, we should press Japan's Foreign and Defense Ministers to fulfill the "Gentleman's Arrangement" to extend the current SMA for three more years agreed upon during the final stages of the DPRI talks. Then Defense Minister Fukushima Nukaga explicitly accepted our position that a three year rollover of the current agreement was acceptable in light of the increased U.S. burden under the realignment plan, including our agreement to fund more than USD 4 billion for the USMC relocation to Guam. Japanese working level officials have sought to back out of this arrangement, asserting that Nukaga only committed to making "best efforts" on an extension without obtaining explicit endorsement from Tokyo. The upcoming Security Consultative Committee (SCC) offers a timely opportunity to commit Japan to the three-year extension.

If This Fails...

-----

¶9. (C) If the two ministers insist on opening full-fledged negotiations for a new five-year SMA, they and other Japanese politicians visiting Washington during the late April/early May Golden Week holidays should get a clear message on the dangers of overplaying their hand on HNS. Thus far, it does not appear that Japanese officials accept the proposition that a reduction in SMA will impact the broader alliance relationship. Highlighting the difficult political atmosphere in Washington surrounding defense spending should help correct this assumption. Unless this message is conveyed at political levels, Japan is unlikely to take seriously the U.S. proposal for a three-year rollover and Japanese negotiators will feel less pressure to achieve a mutually beneficial new SMA.

SCHIEFFER